

FACTUAL ALLEGATIONS

The Policy

5. Deny knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraphs "12" and "13" of plaintiff's complaint.

6. Deny each and every allegation contained in paragraph "14" of plaintiff's complaint.

The Underlying Action

7. Admit the allegations contained in paragraphs "15", "17", "18", "19", "20", "21", "22", "23", "24" and "25" of plaintiff's complaint, and affirmatively allege that an amended complaint was served in the underlying action.

8. Deny each and every allegation contained in paragraph "16" of plaintiff's complaint.

9. Deny knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph "26" of plaintiff's complaint.

The Related Bankruptcy Proceedings

10. Admit the allegations contained in paragraphs "27", "34", "35", "36" and "37" of plaintiff's complaint.

11. Deny knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraphs "28", "29", "30", "31", "32" and "33" of plaintiff's complaint.

COUNT I

12. Repeat, reiterate and reallege each and every denial to each and every allegation contained in paragraphs "1" through "37" of the amended complaint, and incorporated by reference in paragraph "38" of plaintiff's complaint.

13. Deny each and every allegation contained in paragraphs "39", "40", "41", "42", "43", "44", "45" and "46" of plaintiff's complaint.

COUNT II

14. Repeat, reiterate and reallege each and every denial to each and every allegation contained in paragraphs "1" through "46" of the amended complaint, and incorporated by reference in paragraph "47" of plaintiff's complaint.

15. Deny each and every allegation contained in paragraphs "48", "49", "50", "51", "52" and "53" of plaintiff's complaint.

FIRST AFFIRMATIVE DEFENSE

Upon information and belief, plaintiff had a duty to notify the plaintiffs in the underlying action of an alleged reservation of rights, or possibility of coverage denial. No such notice was ever provided and plaintiff is precluded from denying coverage at this time.

WHEREFORE, defendants Antonia Warmers Caston, Daniel Sturup and Albert Sturup, demand judgment dismissing the complaint of the plaintiff herein, plus the costs and disbursements of this action, and for such other and further relief as the Court deems just and proper.

Dated: Poughkeepsie, New York
August 26, 2008

Yours, etc.,

CORBALLY, GARTLAND AND RAPPLEYEA, LLP

BY: 

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AFFIDAVIT OF SERVICE

STATE OF NEW YORK)
)ss:
COUNTY OF DUTCHESS)

I, **Anne Marie Tytlar**, being duly sworn deposes and says: I am not a party to this action, I am over 18 years of age and reside in Fishkill, New York.

On August 26, 2008, I served a true copy of an Answer on Behalf of Defendants Antonia Warmers Caston, Daniel Sturup and Albert Sturup by mailing the same in a sealed envelope with postage prepaid thereon, in a post-office or official depository of the U.S. Postal Service within the State of New York, addressed to the last known address of the addressee(s) as indicated below:

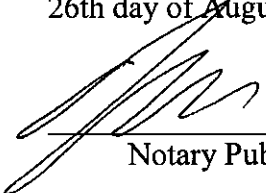
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50 Main Street
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Anne Marie Tytlar

Sworn to before me this
26th day of August, 2008



Notary Public

WILLIAM FRAME
Notary Public, State of New York
Reg. No. 02FR6129522
Qualified in Dutchess County
Commission Expires July 5, 2009